

# **CMS Manual System**

## **Pub 100-04 Medicare Claims Processing**

**Transmittal 523**

**Department of Health &  
Human Services**

**Center for Medicare and  
&  
Medicaid Services**

**Date: APRIL 15, 2005**

**Change Request 3790**

**SUBJECT: Implementation of the Physician Scarcity Area and Revision to the Health Professional Shortage (HPSA) Payment to a Critical Access Hospital**

### **I. SUMMARY OF CHANGES:**

- Medicare will pay an additional 5-percent bonus payment to physicians that render service in a CAH that is located in a designated physician scarcity area. This change was established with the passage of the Medicare Modernization Act of 2003.
- The MMA also extended the Health Professional Shortage Area (HPSA) provision to include a 10-percent bonus for mental health physicians' (psychiatrists') services rendered in a CAH that is located in a HPSA.
- Other clarifications/additions: 1) Reassignment of billing rights from 855I to 855R; 2) New modifier for non-participating physicians; and 3) Use of appropriate modifiers for non-physician practitioners.

### **NEW/REVISED MATERIAL :**

**EFFECTIVE DATE : January 01, 2005**

**IMPLEMENTATION DATE : July 15, 2005**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

### **II. CHANGES IN MANUAL INSTRUCTIONS: N/A**

### **III. FUNDING:**

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.

### **IV. ATTACHMENTS:**

Business Requirements

*\*Unless otherwise specified, the effective date is the date of service.*

## Attachment – Business Requirements

|             |                  |                      |                     |
|-------------|------------------|----------------------|---------------------|
| Pub. 100-04 | Transmittal: 523 | Date: April 15, 2005 | Change Request 3790 |
|-------------|------------------|----------------------|---------------------|

**SUBJECT: Implementation of the Physician Scarcity Bonus and Revision to the Health Professional Shortage Area (HPSA)**

### **I. GENERAL INFORMATION**

**A. Background:** This instruction addresses procedures relating to critical access hospitals (TOB 85X) that have elected the Method II payment methodology. These changes have been established with the passage of the Medicare Modernization Act of 2003 (MMA), sections 413a and 413b. These sections create additional incentive payments for certain physician scarcity areas and mental health areas.

**B. Policy:** The MMA, section 413a, requires that an additional 5-percent bonus payment be made to physicians in designated physician scarcity areas. This bonus is in addition to the amount of payment that would be made for services rendered by physicians. Physician scarcity designations will be based on the lowest primary care and specialty care ratios of Medicare beneficiaries to active physicians in every county. In addition, physician scarcity areas will be identified based on the lowest primary care and specialty care ratios of Medicare beneficiaries to active physicians in each identified rural census tract.

Based on the amount actually paid, not the Medicare approved payment amount for each service, Medicare will pay a 5-percent physician scarcity bonus on a quarterly basis. A single service may be eligible for both the new physician scarcity bonus as well as the current health professional shortage area (HPSA) bonus payment. Payment will be based on the zip code of where the service was performed. The physician scarcity bonus designations will be updated every 3 years.

Section 413b of the MMA requires that for zip codes that fully fall into full counties designated as HPSAs, the HPSA bonus payment be automatically paid for services rendered in locations with those zip codes. The CMS will also automatically pay a bonus for those zip codes that are considered to fully fall in the county based on a determination of dominance made by the United States Postal Service (USPS) and for those zip codes that fully fall within partial county HPSAs. The CAHs will no longer have to include the QB or QU modifier on claims from these locations in order to receive the bonus payment for physician services.

For zip codes that do not fall within a full county HPSA or fully within a non-full county HPSA, the CAHs must continue to place either the HCPCS modifier, QB or QU on the claim in order to receive the bonus. In addition, they will need to submit the modifier for new designations made by the Health Resources and Services Administration throughout the year and for any designated areas not included in the automated file because of the cut off date of the data used. This will only be necessary if the zip code of where they provide their service is not already on the list of zip codes that will automatically receive the bonus payment. Designations can be identified by accessing the HPSA designations through the CMS Web site. The bonus will be effective for services rendered on or after the date of designation by HRSA.

The intermediaries will continue to pay the bonus on the amount actually paid, not the Medicare approved payment amount for each service, and pay the bonuses on a quarterly basis. A single service may be eligible for both the HPSA bonus payments and the new physician scarcity bonus. Payment will be based on the zip code of where the service was performed. In this case, it would be the location of the CAH.

Psychiatrist's services rendered in a CAH located in a primary medical care HPSA are eligible to receive bonus payments. In addition, psychiatrists rendering service in a CAH located in a mental health HPSA are eligible to receive bonus payments.

Refer to Chapter 12, Sections 90.4 and 90.4.9, of Pub. 100-04, Claims Processing Manual for further billing instructions on mental health HPSAs.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

| Requirement Number | Requirements   | Responsibility (“X” indicates the columns that apply) |             |                                 |                       |                           |             |             |             |       |
|--------------------|--|---|-------------|---------------------------------|-----------------------|---------------------------|-------------|-------------|-------------|-------|
|                    |  | F<br>I  | R<br>H<br>I | C<br>a<br>r<br>r<br>i<br>e<br>r | D<br>M<br>E<br>R<br>C | Shared System Maintainers |             |             |             | Other |
|                    |  |   |             |                                 |                       | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |
| 3790.1             | The FIs shall be capable of processing non-participating physician claims with HCPCS modifier AK, in order to make appropriate payment.                | X   |             |                                 |                       | X                         |             |             |             |       |
| 3790.1.1           | The FIs shall pay CAHs for non-participating physicians 95 percent of the MPFS payment amount times 115 percent or multiply the MPFS amount by 1.0925. | X   |             |                                 |                       | X                         |             |             |             |       |
| 3790.2             | The FIs shall pay CAHs for non-physician practitioners 115 percent of the allowable amount under the MPFS.   | X   |             |                                 |                       | X                         |             |             |             |       |

[illegible]

| Requirement Number | Requirements  | Responsibility (“X” indicates the columns that apply) |                  |                                 |                       |                           |             |             |             |       |
|--------------------|---|---|------------------|---------------------------------|-----------------------|---------------------------|-------------|-------------|-------------|-------|
|                    |   | F<br>I  | R<br>H<br>H<br>I | C<br>a<br>r<br>r<br>i<br>e<br>r | D<br>M<br>E<br>R<br>C | Shared System Maintainers |             |             |             | Other |
|                    |   |   |                  |                                 |                       | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |
| 3790.3.4           | The file shall be made available on the CMS Mainframe via the CMS Mainframe Telecommunication System (MDSMTS). Contractors and the standard system will be notified by e-mail of the name of the file and when it will be available for downloading. Instructions will be provided for retrieving the file.                               |   |                  |                                 |                       |                           |             |             |             | CMS   |
| 3790.3.5           | The file layout will be as follows:<br>Positions 1-5 = zip code<br>Positions 6-9 = zip extension<br>Positions 10 = filler<br>Position 11 = indicator  |   |                  |                                 |                       |                           |             |             |             | CMS   |
| 3790.3.6           | The file will list zip codes that fully fall within full or partial county primary care and mental health HPSA areas or are considered to fully fall in the county based on a determination of dominance made by the USPS.  |   |                  |                                 |                       |                           |             |             |             | CMS   |
| 3790.4             | The FIs shall automatically pay bonuses for services rendered in zip code areas that –<br><br>1) fully fall within a designated primary care or mental health full county HPSA; 2) are considered to fully fall in the county based on a determination of dominance made by the USPS; or 3) are fully within a non-full county HPSA area. | X   |                  |                                 |                       |                           |             |             |             |       |
| 3790.5             | The FIs shall pay for services that do not fall within a full county HPSA if the CAH submits claims with HCPCs modifier QB or QU.   | X   |                  |                                 |                       |                           |             |             |             |       |
| 3790.5.1           | The FIs shall instruct CAHs to investigate the census tract data on the U.S. Census Bureau Web-site at <a href="http://www.census.gov">www.census.gov</a> , if the bonus cannot be automatically paid, to see if they qualify for the HPSA bonus.   | X   |                  |                                 |                       |                           |             |             |             |       |

| Requirement Number | Requirements  | Responsibility (“X” indicates the columns that apply) |         |               |           |                           |       |       |       |       |
|--------------------|---|---|---------|---------------|-----------|---------------------------|-------|-------|-------|-------|
|                    |   | F I   | R H H I | C a r r i e r | D M E R C | Shared System Maintainers |       |       |       | Other |
|                    |   |   |         |               |           | F I S S                   | M C S | V M S | C W F |       |
| 3790.6             | The CMS shall provide 1 file of zip codes for payment of the physician scarcity to the standard system and FIs that will include both primary care and specialty care. The file will contain indicators beside each zip code marking the eligibility (ies) –<br><br>Primary care physician scarcity area = 1<br>Specialty physician scarcity area = 2<br>Both = 3 |   |         |               |           |                           |       |       |       | CMS   |
| 3790.6.1           | The file layout will be as follows:<br><br>Positions 1-5 = zip code<br>Positions 6-9 = zip extension<br>Position 10 = filler<br>Position 11 = indicator   |   |         |               |           |                           |       |       |       | CMS   |
| 3790.6.2           | The initial file will be effective for claims with dates of service January 1, 2005, through December 31, 2007.   |   |         |               |           |                           |       |       |       | CMS   |
| 3790.6.3           | The file shall be made available on the CMS mainframe via the CMSMTS. Contractors and the standard system will be notified by e-mail of the name of the file and when it will be available for downloading. Instructions will be provided for retrieving the file.  |   |         |               |           |                           |       |       |       | CMS   |
| 3790.7             | The FIs shall download the physician scarcity zip code file when CMS makes it available.  | X   |         |               |           | X                         |       |       |       |       |
| 3790.7.1           | The FIs shall load the physician scarcity file, identify CAHs that are automatically eligible for scarcity payment, and annotate the provider file accordingly.   |   |         |               |           | X                         |       |       |       |       |

| Requirement Number | Requirements   | Responsibility (“X” indicates the columns that apply) |         |               |           |                           |       |       |       |       |
|--------------------|--|---|---------|---------------|-----------|---------------------------|-------|-------|-------|-------|
|                    |  | F I   | R H H I | C a r r i e r | D M E R C | Shared System Maintainers |       |       |       | Other |
|                    |  |   |         |               |           | F I S S                   | M C S | V M S | C W F |       |
| 3790.7.2           | The FI and FISS shall recognize a new physician scarcity by HCPCS modifier AR.   | X   |         |               |           | X                         |       |       |       |       |
| 3790.7.3           | The FIs shall instruct their CAHs that have elected method II to send a list of physicians, by specialty to their FI for all physicians that have reassigned their payment to the CAH.   | X   |         |               |           |                           |       |       |       |       |
| 3790.7.4           | The FIs shall determine which physicians are eligible for primary care bonus and which physicians are eligible for specialty bonus.  | X   |         |               |           |                           |       |       |       |       |
| 3790.7.5           | The FIs shall pay the claim if the HCPCS is accompanied by one of the following modifiers:<br>AG – Primary Physician<br>AF – Specialty Physician   | X   |         |               |           |                           |       |       |       |       |
| 3790.7.6           | The FIs and FISS shall only pay the bonus for the primary care designations of General Practice, Family Practice, Internal Medicine, Obstetrics/Gynecology, for the zip codes designated as primary care scarcity areas.         | X   |         |               |           | X                         |       |       |       |       |
| 3790.7.7           | The FIs and FISS shall only pay the bonus for physician provider specialties other than Oral surgery (dentists only), Chiropractic, Optometry, and Podiatry, for the zip codes designated as specialty physician scarcity areas. | X   |         |               |           | X                         |       |       |       |       |
| 3790.8             | The FIs shall pay the scarcity payment (5 percent), if the physician is eligible; plus the HPSA bonus (10 percent), where applicable; plus the 115 percent of the initial amount that Medicare should pay for the service.       | X   |         |               |           | X                         |       |       |       |       |
| 3790.8.1           | The FIs shall compute the scarcity payment as follows: 115 percent times the amount payable under the Fee schedule times 5 percent, plus the 10 percent HPSA bonus if applicable.  | X   |         |               |           | X                         |       |       |       |       |

| Requirement Number | Requirements   | Responsibility (“X” indicates the columns that apply) |                  |                                 |                       |                           |             |             |             |       |
|--------------------|--|---|------------------|---------------------------------|-----------------------|---------------------------|-------------|-------------|-------------|-------|
|                    |  | F<br>I  | R<br>H<br>H<br>I | C<br>a<br>r<br>r<br>i<br>e<br>r | D<br>M<br>E<br>R<br>C | Shared System Maintainers |             |             |             | Other |
|                    |  |   |                  |                                 |                       | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |
| 3790.8.2           | The FIs shall compute the scarcity payment on each claim but shall make payment on a quarterly basis.  | X   |                  |                                 |                       | X                         |             |             |             |       |
| 3790.9             | The FIs shall add a column for the scarcity payment on the HPSA Quarterly Report.  | X   |                  |                                 |                       | X                         |             |             |             |       |
| 3790.10            | All applicable systems shall be modified to accept a new HPSA/Physician Scarcity Indicator on the claim line. The FISS shall forward the indicator to CWF for posting to National Claims History (NCH).  | X   |                  |                                 |                       | X                         |             |             | X           | NCH   |
| 3790.10.1          | Once the type of bonus/bonuses have been identified by the shared system, the shared system shall modify their systems to set the HPSA/Scarcity Indicator on the claim line as follows:<br><br>1 = HPSA<br>2 = Scarcity<br>3 = Both<br>Space = not available |   |                  |                                 |                       | X                         |             |             |             |       |
| 3790.11            | The FIs shall send the CAH the scarcity payments, the HPSA bonuses, and report for the corresponding quarter, one month following the end of the quarter.  | X   |                  |                                 |                       |                           |             |             |             |       |



### III. PROVIDER EDUCATION

| Requirement Number | Requirements   | Responsibility (“X” indicates the columns that apply) |                  |                                 |                       |                           |             |             |             |       |
|--------------------|--|---|------------------|---------------------------------|-----------------------|---------------------------|-------------|-------------|-------------|-------|
|                    |  | F<br>I  | R<br>H<br>H<br>I | C<br>a<br>r<br>r<br>i<br>e<br>r | D<br>M<br>E<br>R<br>C | Shared System Maintainers |             |             |             | Other |
|                    |  |   |                  |                                 |                       | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |
| 3790.12            | A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/medlearn/matters">www.cms.hhs.gov/medlearn/matters</a> shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly. |   |                  |                                 |                       |                           |             |             |             |       |

### IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions:

| X-Ref Requirement #         | Instructions  |
|-----------------------------|---|
| CR 2990                     | 250.2 – Optional Method for Outpatient Services: Cost-Based Facility Services Plus 115 percent Fee Schedule Payment for Professional Services |
| CRS 3108, 3336, 3337 & 3318 | 90.4 – Billing and Payment in a Health Professional Shortage Areas (HPSAs)  |

#### B. Design Considerations:

| <b>X-Ref Requirement #</b> | <b>Recommendation for Medicare System Requirements</b> |
|----------------------------|--|
|                            |  |

**C. Interfaces:** N/A

**D. Contractor Financial Reporting /Workload Impact:** N/A

**E. Dependencies:** N/A

**F. Testing Considerations:** N/A

## **V. SCHEDULE, CONTACTS, AND FUNDING**

|  |  |
|--|--|
| <p><b>Effective Date*:</b> January 1, 2005</p> <p><b>Implementation Date:</b> July 15, 2005</p> <p><b>Pre-Implementation Contact(s):</b> Doris Barham-410-786-6146; Pat Barrett-410-786-0508</p> <p><b>Post-Implementation Contact(s):</b> Appropriate regional office</p> | <p><b>No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.</b></p> |
|--|--|

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## Attachment – Business Requirements

|             |                  |                      |                     |
|-------------|------------------|----------------------|---------------------|
| Pub. 100-04 | Transmittal: 523 | Date: April 15, 2005 | Change Request 3790 |
|-------------|------------------|----------------------|---------------------|

**SUBJECT: Implementation of the Physician Scarcity Bonus and Revision to the Health Professional Shortage Area (HPSA)**

### **I. GENERAL INFORMATION**

**A. Background:** This instruction addresses procedures relating to critical access hospitals (TOB 85X) that have elected the Method II payment methodology. These changes have been established with the passage of the Medicare Modernization Act of 2003 (MMA), sections 413a and 413b. These sections create additional incentive payments for certain physician scarcity areas and mental health areas.

**B. Policy:** The MMA, section 413a, requires that an additional 5-percent bonus payment be made to physicians in designated physician scarcity areas. This bonus is in addition to the amount of payment that would be made for services rendered by physicians. Physician scarcity designations will be based on the lowest primary care and specialty care ratios of Medicare beneficiaries to active physicians in every county. In addition, physician scarcity areas will be identified based on the lowest primary care and specialty care ratios of Medicare beneficiaries to active physicians in each identified rural census tract.

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For zip codes that do not fall within a full county HPSA or fully within a non-full county HPSA, the CAHs must continue to place either the HCPCS modifier, QB or QU on the claim in order to receive the bonus. In addition, they will need to submit the modifier for new designations made by the Health Resources and Services Administration throughout the year and for any designated areas not included in the automated file because of the cut off date of the data used. This will only be necessary if the zip code of where they provide their service is not already on the list of zip codes that will automatically receive the bonus payment. Designations can be identified by accessing the HPSA designations through the CMS Web site. The bonus will be effective for services rendered on or after the date of designation by HRSA.

The intermediaries will continue to pay the bonus on the amount actually paid, not the Medicare approved payment amount for each service, and pay the bonuses on a quarterly basis. A single service may be eligible for both the HPSA bonus payments and the new physician scarcity bonus. Payment will be based on the zip code of where the service was performed. In this case, it would be the location of the CAH.

Psychiatrist's services rendered in a CAH located in a primary medical care HPSA are eligible to receive bonus payments. In addition, psychiatrists rendering service in a CAH located in a mental health HPSA are eligible to receive bonus payments.

Refer to Chapter 12, Sections 90.4 and 90.4.9, of Pub. 100-04, Claims Processing Manual for further billing instructions on mental health HPSAs.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

| Requirement Number | Requirements   | Responsibility (“X” indicates the columns that apply) |             |                                 |                       |                           |             |             |             |       |
|--------------------|--|---|-------------|---------------------------------|-----------------------|---------------------------|-------------|-------------|-------------|-------|
|                    |  | F<br>I  | R<br>H<br>I | C<br>a<br>r<br>r<br>i<br>e<br>r | D<br>M<br>E<br>R<br>C | Shared System Maintainers |             |             |             | Other |
|                    |  |   |             |                                 |                       | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |
| 3790.1             | The FIs shall be capable of processing non-participating physician claims with HCPCS modifier AK, in order to make appropriate payment.                | X   |             |                                 |                       | X                         |             |             |             |       |
| 3790.1.1           | The FIs shall pay CAHs for non-participating physicians 95 percent of the MPFS payment amount times 115 percent or multiply the MPFS amount by 1.0925. | X   |             |                                 |                       | X                         |             |             |             |       |
| 3790.2             | The FIs shall pay CAHs for non-physician practitioners 115 percent of the allowable amount under the MPFS.   | X   |             |                                 |                       | X                         |             |             |             |       |

[illegible]

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|--------------------|---|---|------------------|---------------------------------|-----------------------|---------------------------|-------------|-------------|-------------|-------|
|                    |   | F<br>I  | R<br>H<br>H<br>I | C<br>a<br>r<br>r<br>i<br>e<br>r | D<br>M<br>E<br>R<br>C | Shared System Maintainers |             |             |             | Other |
|                    |   |   |                  |                                 |                       | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |
| 3790.3.4           | The file shall be made available on the CMS Mainframe via the CMS Mainframe Telecommunication System (MDSMTS). Contractors and the standard system will be notified by e-mail of the name of the file and when it will be available for downloading. Instructions will be provided for retrieving the file.                               |   |                  |                                 |                       |                           |             |             |             | CMS   |
| 3790.3.5           | The file layout will be as follows:<br>Positions 1-5 = zip code<br>Positions 6-9 = zip extension<br>Positions 10 = filler<br>Position 11 = indicator  |   |                  |                                 |                       |                           |             |             |             | CMS   |
| 3790.3.6           | The file will list zip codes that fully fall within full or partial county primary care and mental health HPSA areas or are considered to fully fall in the county based on a determination of dominance made by the USPS.  |   |                  |                                 |                       |                           |             |             |             | CMS   |
| 3790.4             | The FIs shall automatically pay bonuses for services rendered in zip code areas that –<br><br>1) fully fall within a designated primary care or mental health full county HPSA; 2) are considered to fully fall in the county based on a determination of dominance made by the USPS; or 3) are fully within a non-full county HPSA area. | X   |                  |                                 |                       |                           |             |             |             |       |
| 3790.5             | The FIs shall pay for services that do not fall within a full county HPSA if the CAH submits claims with HCPCs modifier QB or QU.   | X   |                  |                                 |                       |                           |             |             |             |       |
| 3790.5.1           | The FIs shall instruct CAHs to investigate the census tract data on the U.S. Census Bureau Web-site at <a href="http://www.census.gov">www.census.gov</a> , if the bonus cannot be automatically paid, to see if they qualify for the HPSA bonus.   | X   |                  |                                 |                       |                           |             |             |             |       |

| Requirement Number | Requirements  | Responsibility (“X” indicates the columns that apply) |         |               |           |                           |       |       |       |       |
|--------------------|---|---|---------|---------------|-----------|---------------------------|-------|-------|-------|-------|
|                    |   | F I   | R H H I | C a r r i e r | D M E R C | Shared System Maintainers |       |       |       | Other |
|                    |   |   |         |               |           | F I S S                   | M C S | V M S | C W F |       |
| 3790.6             | The CMS shall provide 1 file of zip codes for payment of the physician scarcity to the standard system and FIs that will include both primary care and specialty care. The file will contain indicators beside each zip code marking the eligibility (ies) –<br><br>Primary care physician scarcity area = 1<br>Specialty physician scarcity area = 2<br>Both = 3 |   |         |               |           |                           |       |       |       | CMS   |
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| 3790.7.1           | The FIs shall load the physician scarcity file, identify CAHs that are automatically eligible for scarcity payment, and annotate the provider file accordingly.   |   |         |               |           | X                         |       |       |       |       |

| Requirement Number | Requirements   | Responsibility (“X” indicates the columns that apply) |                  |                                 |                       |                           |             |             |             |       |
|--------------------|--|---|------------------|---------------------------------|-----------------------|---------------------------|-------------|-------------|-------------|-------|
|                    |  | F<br>I  | R<br>H<br>H<br>I | C<br>a<br>r<br>r<br>i<br>e<br>r | D<br>M<br>E<br>R<br>C | Shared System Maintainers |             |             |             | Other |
|                    |  |   |                  |                                 |                       | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |
| 3790.7.2           | The FI and FISS shall recognize a new physician scarcity by HCPCS modifier AR.   | X   |                  |                                 |                       | X                         |             |             |             |       |
| 3790.7.3           | The FIs shall instruct their CAHs that have elected method II to send a list of physicians, by specialty to their FI for all physicians that have reassigned their payment to the CAH.   | X   |                  |                                 |                       |                           |             |             |             |       |
| 3790.7.4           | The FIs shall determine which physicians are eligible for primary care bonus and which physicians are eligible for specialty bonus.  | X   |                  |                                 |                       |                           |             |             |             |       |
| 3790.7.5           | The FIs shall pay the claim if the HCPCS is accompanied by one of the following modifiers:<br>AG – Primary Physician<br>AF – Specialty Physician   | X   |                  |                                 |                       |                           |             |             |             |       |
| 3790.7.6           | The FIs and FISS shall only pay the bonus for the primary care designations of General Practice, Family Practice, Internal Medicine, Obstetrics/Gynecology, for the zip codes designated as primary care scarcity areas.         | X   |                  |                                 |                       | X                         |             |             |             |       |
| 3790.7.7           | The FIs and FISS shall only pay the bonus for physician provider specialties other than Oral surgery (dentists only), Chiropractic, Optometry, and Podiatry, for the zip codes designated as specialty physician scarcity areas. | X   |                  |                                 |                       | X                         |             |             |             |       |
| 3790.8             | The FIs shall pay the scarcity payment (5 percent), if the physician is eligible; plus the HPSA bonus (10 percent), where applicable; plus the 115 percent of the initial amount that Medicare should pay for the service.       | X   |                  |                                 |                       | X                         |             |             |             |       |
| 3790.8.1           | The FIs shall compute the scarcity payment as follows: 115 percent times the amount payable under the Fee schedule times 5 percent, plus the 10 percent HPSA bonus if applicable.  | X   |                  |                                 |                       | X                         |             |             |             |       |



| Requirement Number | Requirements   | Responsibility (“X” indicates the columns that apply) |                  |                                 |                       |                           |             |             |             |       |
|--------------------|--|---|------------------|---------------------------------|-----------------------|---------------------------|-------------|-------------|-------------|-------|
|                    |  | F<br>I  | R<br>H<br>H<br>I | C<br>a<br>r<br>r<br>i<br>e<br>r | D<br>M<br>E<br>R<br>C | Shared System Maintainers |             |             |             | Other |
|                    |  |   |                  |                                 |                       | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |
| 3790.8.2           | The FIs shall compute the scarcity payment on each claim but shall make payment on a quarterly basis.  | X   |                  |                                 |                       | X                         |             |             |             |       |
| 3790.9             | The FIs shall add a column for the scarcity payment on the HPSA Quarterly Report.  | X   |                  |                                 |                       | X                         |             |             |             |       |
| 3790.10            | All applicable systems shall be modified to accept a new HPSA/Physician Scarcity Indicator on the claim line. The FISS shall forward the indicator to CWF for posting to National Claims History (NCH).  | X   |                  |                                 |                       | X                         |             |             | X           | NCH   |
| 3790.10.1          | Once the type of bonus/bonuses have been identified by the shared system, the shared system shall modify their systems to set the HPSA/Scarcity Indicator on the claim line as follows:<br><br>1 = HPSA<br>2 = Scarcity<br>3 = Both<br>Space = not available |   |                  |                                 |                       | X                         |             |             |             |       |
| 3790.11            | The FIs shall send the CAH the scarcity payments, the HPSA bonuses, and report for the corresponding quarter, one month following the end of the quarter.  | X   |                  |                                 |                       |                           |             |             |             |       |

### III. PROVIDER EDUCATION

| Requirement Number | Requirements   | Responsibility (“X” indicates the columns that apply) |                  |                                 |                       |                           |             |             |             |       |
|--------------------|--|---|------------------|---------------------------------|-----------------------|---------------------------|-------------|-------------|-------------|-------|
|                    |  | F<br>I  | R<br>H<br>H<br>I | C<br>a<br>r<br>r<br>i<br>e<br>r | D<br>M<br>E<br>R<br>C | Shared System Maintainers |             |             |             | Other |
|                    |  |   |                  |                                 |                       | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |
| 3790.12            | A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/medlearn/matters">www.cms.hhs.gov/medlearn/matters</a> shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly. |   |                  |                                 |                       |                           |             |             |             |       |

### IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions:

| X-Ref Requirement #         | Instructions  |
|-----------------------------|---|
| CR 2990                     | 250.2 – Optional Method for Outpatient Services: Cost-Based Facility Services Plus 115 percent Fee Schedule Payment for Professional Services |
| CRS 3108, 3336, 3337 & 3318 | 90.4 – Billing and Payment in a Health Professional Shortage Areas (HPSAs)  |

#### B. Design Considerations:

| <b>X-Ref Requirement #</b> | <b>Recommendation for Medicare System Requirements</b> |
|----------------------------|--|
|                            |  |

**C. Interfaces:** N/A

**D. Contractor Financial Reporting /Workload Impact:** N/A

**E. Dependencies:** N/A

**F. Testing Considerations:** N/A

## **V. SCHEDULE, CONTACTS, AND FUNDING**

|  |  |
|--|--|
| <p><b>Effective Date*:</b> January 1, 2005</p> <p><b>Implementation Date:</b> July 15, 2005</p> <p><b>Pre-Implementation Contact(s):</b> Doris Barham-410-786-6146; Pat Barrett-410-786-0508</p> <p><b>Post-Implementation Contact(s):</b> Appropriate regional office</p> | <p><b>No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.</b></p> |
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**\*Unless otherwise specified, the effective date is the date of service.**